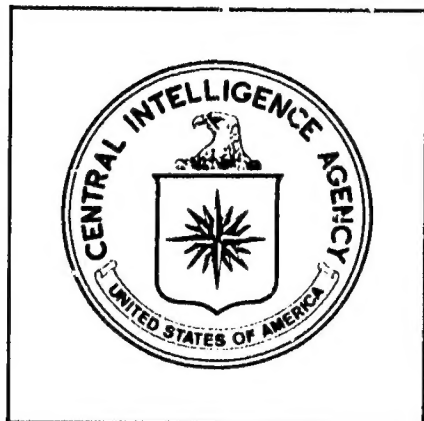


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Libya-USSR

Kosygin Reported Planning to Visit Libya

[redacted] Premier
Kosygin will make a five-day official visit to Libya soon, possibly as early as this weekend. He reportedly will be accompanied by an entourage of 40, including Foreign Trade Minister Patolichev.

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It has been about a year since Libyan Prime Minister Jallud visited Moscow to arrange a \$250-million arms deal with the Soviets. The first shipment of MIG-23 aircraft under that deal has just arrived in Libya. Despite the arms shipments, the relationship between Moscow and Tripoli is marked by distrust and differences on the Arab-Israeli problem.

During the past few months, the Soviets have been uneasy that declining Libyan oil income might hamper Tripoli's ability to pay for arms purchases. Patolichev may try to work out a barter arrangement swapping guns for oil.

Both the USSR and Libya probably expect the visit to have an impact on Egypt.

--Moscow may hope to make Egypt uneasy about Soviet influence on its Western neighbor and to demonstrate to Egypt that the USSR has other options in the Arab world.

--Tripoli, which has been urging Moscow to send a high-level visitor, will see the Kosygin visit in light of the recent further deterioration in its relations with Cairo.

The MIG-23 Libya is receiving is the most advanced fighter exported by the USSR. [redacted]

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[REDACTED]

[REDACTED] Libya

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is the fourth country to receive these aircraft;
Iraq has 40, Syria 40, and Egypt 23.

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[REDACTED]

Libya must substantially improve its crew capabilities before it can use the MIG-23 effectively. Libya has a poor operating record on considerably less-sophisticated equipment. [REDACTED]

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[REDACTED]

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[REDACTED]

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Ghana*New Investment Decree*

Ghana's military rulers issued a new investment policy decree last month that calls for a major reduction in foreign ownership and expatriate management of Ghanaian businesses by December 31. It is not clear how extensively the decree will be applied. At present, Ghana lacks the foreign exchange to purchase controlling shares in foreign firms on a large scale. Nationalization by decree, without payment of prompt compensation, would risk discouraging further foreign investment at a time when the economy has been hard hit by inflation and rising energy costs.

Shortly after seizing power in 1972, the junta proclaimed a goal of "capturing the commanding heights" of Ghana's foreign-dominated economy. So far, the government has taken majority control in only a few predominantly British-owned mining and timber firms; compensation agreements are yet to be worked out in all but one of these cases.

The investment decree restates in a more comprehensive way the takeover objectives the government first announced in January 1973. It reserves full or partial ownership in a wide variety of enterprises to either the government or Ghanaian investors. The proportion of state ownership ranges from a high of 55 percent in extractive, processing, and "basic necessity" industries, to a low of 20 percent in oil production should current exploration activities uncover significant petroleum reserves. In the private sector, Ghanaians are to have complete control of almost all small-scale businesses. They will own at least half of most large commercial, manufacturing, and distributive activities and 40 percent of banks. All foreign enterprises are expected to set up training programs to enable Ghanaian employees gradually to takeover jobs from expatriates.

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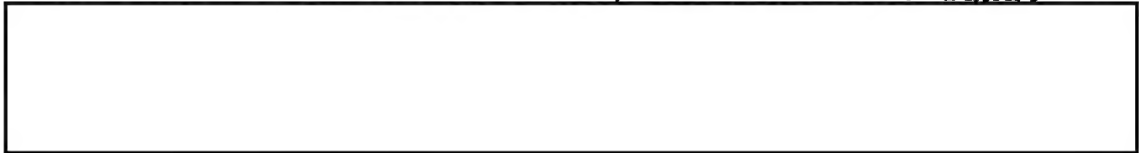
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Only a small part of the estimated \$214 million in US private investment appears to be affected by the new decree. The \$130 million aluminum smelter, owned by Kaiser and Reynolds, is exempt. Firms that will be affected include the local marketing companies of Mobil and Texaco, whose service stations are valued at some \$24 million, and subsidiaries of Union Carbide, Johnson's Wax, and Star-Kist Tuna.

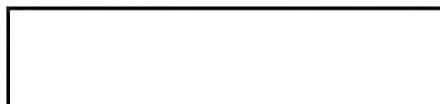
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Upper Volta-Mali*New Violence Possible Over Border Dispute*

The continuing border dispute between Upper Volta and Mali could lead to a new round of fighting in the next few weeks. There has been little movement toward a settlement since the dispute was submitted to the OAU for mediation last December following clashes between Malian and Voltan troops. Army officers on both sides are reportedly growing impatient.

There has been considerable opposition and grumbling among Voltan government officials and young army officers since the clashes, in which the Voltans were defeated by better-equipped Malian units. The Voltans feel that only a military offensive can restore their country's honor and recover the disputed area, which remains occupied by Malian troops.

Voltan President Lamizana is being heavily criticized by members of his cabinet because of the lack of progress since his decision to submit the dispute to the OAU. Several government ministers asked Lamizana to resign during a recent cabinet meeting, [REDACTED]

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[REDACTED] Lamizana reportedly stated that he was ready to step down but felt such a move would be bad for the country as long as the border dispute remained unsettled.

Upper Volta's forceful and ambitious Minister of Youth, Major Tientaraboum, who favors military action, is said to be behind much of the widespread criticism of Lamizana. Tientaraboum and several other army officers, who also hold government positions, have been seeking support from youth and labor groups, traditional chiefs, and women's organizations.

(Continued)

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[REDACTED]

Recent efforts by Lamizana to upgrade the armed forces by increasing their size and purchasing additional foreign military equipment apparently have not placated his critics. In the absence of progress toward a diplomatic solution of the border problem, the president remains under pressure to launch an offensive before the rainy season begins at the end of this month. There is a possibility that Upper Volta's overzealous troops, now stationed along the border near the contested area, may initiate action on their own.

Malian troops also appear restive and are reportedly waiting for a provocation to strike again at Voltan forces. Malian President Traore remains adamant in upholding Malian claims to the disputed area, primarily because his ability to make a conciliatory gesture is limited by the influence of "Young Turks" in his government.

[REDACTED]

[REDACTED]

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